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IN THE

**Supreme Court of the United States**

OCTOBER TERM 1951

No. 180

**KEROTEST MANUFACTURING COMPANY,**

Petitioner,

v.

**C-O-TWO FIRE EQUIPMENT COMPANY,**

Respondent.

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**BRIEF FOR RESPONDENT**

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ON WRIT OF CERTIORARI TO THE UNITED STATES  
COURT OF APPEALS FOR THE THIRD CIRCUIT

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The first opinion of the Court of Appeals filed June 16, 1950 (R. 36) is reported in 182 F. 2d 773.

The second opinion of the District Court filed August 18, 1950 (R. 25) is reported in 92 F. Supp. 943. The corresponding order (R. 35), findings of fact and conclusions of law (R. 32) are unreported.

The second opinion of the Court of Appeals filed February 19, 1951 (R. 39) is reported in 88 USPQ 335.

The majority and dissenting opinions of the Court of Appeals sitting *en banc* on rehearing filed May 24, 1951 (R. 55) are reported in 189 F. 2d 31.\*



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**BRIEF FOR RESPONDENT**

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**The Issue Before the Court**

This case comes here on writ of certiorari to review the decision of the Third Circuit Court of Appeals, sitting *en banc*, rendered May 24, 1951, reported in 189 F. 2d 31 and printed at pages 55 *et seq.* of the Record.

The Court of Appeals upheld respondent's contention that the present declaratory judgment action should be stayed pending determination of an earlier filed infringement action in the United States District Court for the Northern District of Illinois Eastern Division involving the same issues and the same parties as well as a third

party, Acme Equipment Co., Inc. It reversed the District Court which, instead of staying the present case, had enjoined respondent from proceeding with the earlier Chicago case insofar as it involves petitioner.

The Court of Appeals, in so doing, overruled as unsound petitioner's narrow contention, adopted by the court below, that the mere fact that petitioner was not added as a party in the Chicago infringement case until after it had filed the instant declaratory judgment case gave petitioner an absolute right to priority under an assumed inflexible rule laid down in earlier decisions, namely, *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925 (3 Cir. 1941), *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474 (3 Cir. 1942), and *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008 (3 Cir. 1942).

The Court based its holding on the sound view that the relief sought by respondent herein could be "more expeditiously and effectively afforded" in the earlier filed infringement suit than in the later filed declaratory judgment action, and, further based its holding on the sound view that the cited rule of priority was not a mere rule of thumb to be mechanically applied and that under present circumstances such a view would cause unnecessary duplicate litigation. The Court held (R. 59, 60):

"The Chicago suit appears to have been brought in good faith and every patent involved in the Delaware litigation was before the Chicago court. Kerotest could have entered the Chicago litigation had it seen fit to do so.

"The Chicago suit when adjudicated will bind all the parties in both cases. Why, under the circumstances, should there be two litigations where one will suffice? We can find no adequate reason..



"The order of the court below will be reversed and the cause remanded with the direction to enter an order staying further proceedings in this action until ten days after the final determination of the Chicago suit."

### *The False Issue Injected by Petitioner*

Petitioner, in its petition for writ of certiorari, asserted that the case presents not only a question with respect to this ruling as to priority and duplication of litigation but also a question as to a manufacturer's right to protection against the harassment of suits directed against its customers. This asserted issue is heavily stressed in petitioner's brief. *But there is no such question in the case and neither the majority nor the dissenting opinions allude to any such question.* However, because this fictitious issue is so heavily stressed in petitioner's brief and colors petitioner's whole presentation, we shall dispose of it before discussing the actual question in the case.

### **Summary of Argument**

The issue before the Court is the simple question whether it is in the interests of justice to proceed with the infringement case which is the earlier case and has all the parties and issues and alone can bind all the parties or whether there shall be duplicate litigation by proceeding with both the infringement case and the declaratory judgment case.

1. There is no question of harassment of a manufacturer by multiple suits against his customers. There have been only two suits, both against actual competitors of respondent in the manufacture and sale of fire extinguishing equipment. This is an orderly statutory procedure to adjudicate and finally determine the alleged infringement. There is no evidence of bad faith or harassment. Neither defendant is a customer of petitioner except in the limited

sense that they buy some of their parts from petitioner instead of making them. It is a common practice today for manufacturers to buy their parts or to make them. Petitioner has refused to defend either manufacturer. If the petitioner were really in need of protection it could have initiated a declaratory judgment action against respondent at any time in the past or it could have defended the alleged "customer" suits. Instead of defending its alleged "customers", petitioner initiated the present action, apparently for delay and obstruction. The so called "harassment by customer suits" is a mere fiction created by petitioner to form some sort of justification for its tactics in filing the present declaratory judgment action case instead of defending the prior infringement action.

2. On the issue actually before the Court namely, priority and duplication of litigation, the authorities clearly establish that there is no rigid rule but that, if possible, the first case should be given priority and that duplication of litigation should be avoided by proceeding with the case which has all the parties and all the issues and which can be *res judicata* as to all the parties. The decision in the present case falls within the rule of these authorities; duplication of litigation has been avoided by proceeding with the first case which also is the one having all the parties and all the issues and which, alone, can dispose of the controversy. Petitioner's contention that the instant case should proceed on the theory that it was first because it was filed before petitioner was made a party to the other case, is contrary to authority and is a narrow formalistic contention which would result in injustice and duplication of litigation. The alleged conflict of authority between the circuits on this point does not exist.

3. Petitioner's contention that Rule 57 of the Rules of Civil Procedure requires the instant case to proceed is not well founded. The rule merely provides that a declaratory form of action is not precluded by another adequate remedy.

There is nothing in the rule with respect to duplication of litigation.

4. Petitioner's argument with respect to the doctrine of *forum non conveniens* is irrelevant. The transfer statute § 1404(a) (28 USC) now controls and this case might be transferred thereunder on the court's own motion but there is no need to transfer since the issues and parties are already in the Chicago court.

## ARGUMENT

### I. There Is No Question of Harassment of a Manufacturer By Suing His Customers

The litigation here involved began with the filing of an action by respondent, C-O-Two Fire Equipment Company,\* against Acme Equipment Company, Inc. in Chicago, charging infringement of two patents by the manufacture and sale of fire extinguisher equipment embodying the patented inventions. Acme is a competitor of respondent in the manufacture and sale of fire extinguisher equipment.

Petitioner claims that, although Acme was sued for manufacture and sale of the patented items embodied by Acme in its fire extinguisher equipment, these particular parts were not actually made by Acme but were purchased from Kerotest as a parts supplier to Acme. Few if any manufacturers today make all components entering into their product. It is a commonplace procedure for manufacturers either to buy all their parts or to buy a portion

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\* For clarity the parties herein will, at times, be referred to herein as Kerotest and C-O-Two as well as petitioner and respondent, since they were thus identified in the opinions below. Acme Equipment Company in Chicago will for the same reason be referred to as Acme.

and to make the remainder. It is also commonplace to buy the same part from several sources.

Acme's purchase of parts from petitioner for incorporation in Acme's fire extinguishers, in a sense, makes Acme a customer of petitioner but it does not in any way justify petitioner in asserting that Acme is a *mere* customer, or that Acme is the kind of customer who is a mere jobber or dealer forming part of a manufacturer's distribution system, or that suit against Acme is unjustified or is an harassment of petitioner, or that it would be more appropriate for respondent to litigate the question of validity and infringement against petitioner, than to sue Acme who is the respondent's actual competitor.

On the contrary, a suit against petitioner would not be anywhere near as effective in ending the infringement and ending the litigation as a suit against Acme. The reason becomes plain when it is considered that, if a suit were to be filed against petitioner as the supplier to Acme and petitioner should win it would give Acme protection only to the extent he bought his parts from petitioner (*Kessler v. Eldred*, 206 U. S. 285) and if respondent were to win, it would merely cut off one source of supply to Acme and Acme would be perfectly free to proceed to set up another source of supply or to fabricate the items itself. On petitioner's theory, respondent should then proceed against the new source of supply. But it would seem plain that any such course would result in unnecessary litigation and, if respondent proceeded against Acme's sources of supply instead of against Acme the real party in interest, such conduct might be regarded by Acme as unfair and harassing.

Plainly, respondent, by suing Acme its competitor, has followed an orderly and sensible course in enforcing its rights; equally plainly, the so-called "customer harassment" aspect of the case, although stressed by petitioner before this Court, is not present in the case. Indeed, as



noted by the Court below,\* petitioner concedes the propriety of proceeding against Acme and attempts merely to enjoin that action only insofar as it involves petitioner.

However, in view of the stress that petitioner has put on the matter of "customer harassment" and the extreme statements which petitioner makes as to the alleged dire consequences in encouraging "customer harassment" which petitioner asserts will follow upon the decision in the present case, we think we should comment briefly on additional aspects of petitioner's contention.

One of these is petitioner's groundless suggestion that the failure originally to join petitioner as a defendant in the Acme case evidences an intention to harass petitioner. The fact is it indicates that respondent regarded its cause of action as one against Acme. The action against Acme was quite independent of where or how Acme made or procured the patented items which it incorporated in the fire extinguishers which it made and sold. The complaint alleges that Acme infringed "by making and causing to be made and selling and using squeeze grip valves and discharge heads for portable carbon dioxide fire extinguishers embodying the aforesaid patented inventions \* \* \*". After petitioner's contentions in the present action made it appear that the patented items incorporated by Acme in its fire extinguishers were supplied by petitioner and that petitioner desired to litigate the question, petitioner was joined in the Chicago case so that the matter could all be litigated in one action. This was plainly a straightforward and orderly procedure.

Another of these contentions is the criticism of respondent based on the allegations of the complaint that respond-

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\* Opinion (R. 57): "It appeared from the arguments on that appeal that Kerotest had abandoned its effort to have the Chicago suit stayed in its entirety and limited its position to asking that that action be restrained only insofar as it involved Kerotest."

ent had notified petitioner of infringement, that petitioner had denied validity and infringement and invited respondent to sue, and, that respondent did not sue. There has been no answer filed in the present case and, therefore, these allegations may be taken as true for present purposes. But, we see in them no reason to impute bad faith to respondent. As we have said, respondent followed an orderly procedure and asserted its rights promptly and plainly in good faith by suing its actual competitor. The Second Circuit Court of Appeals in *Clair v. Kastar, Inc.*, 148 F. 2d 644 (1945), pointed out that there is no obligation on a patentee to sue everyone and, if he has proceeded to litigate his patent in an orderly fashion, there is no reason to complain. The Court said (p. 646):

"While a patentee is getting his patent sustained he is not bound to assert his claims to their fullest scope by suing every conceivable infringer. There is today some reciprocity of duty in this regard; if a manufacturer fears that he will be charged to infringe, he can always inquire of the patentee, and if the answer is unsatisfactory, he can bring an action for a declaratory judgment."

Taking petitioner's allegations at full value, it is plain that at all times it had the power under the Declaratory Judgment Statute to initiate the litigation. We think the insincerity of its present contention is plainly indicated by its failure to initiate such litigation while at the same time complaining against respondent.

Also, we think we should note that, *even if the Acme case had been a mere customer case, it would have been a proper case under the very authorities on which petitioner relies* and under many authorities both before and since. There is no doubt that the statute gives the patent owner the right to sue the one who sells and the one who uses, as well as the one who makes. 35 U. S. C. §§ 40 and 70. This statutory right of the patentee has been con-

sistently recognized and enforced for many years in decisions of this Court and the lower courts.\* This right to sue one who happened to be a customer was the very basis of the *Triangle* case on which petitioner puts its greatest reliance. In that case, the Court of Appeals of the Third Circuit reversed the District Judge for enjoining a customer suit, it appearing there that there was no evidence of bad faith in bringing the suit. The courts have always been quick to enjoin customer suits when there was bad faith or harassment and have consistently refused to enjoin them where they were brought in good faith\*\*—the decision in the present case does not involve the point and will not affect the course of those decisions.

If petitioner thought that it, or its “customer” needed protection, it could have defended its “customer,” a quite common procedure; or it could have intervened, another common procedure. However, petitioner made no attempt to follow either course but, according to the affidavit of its president, Mr. Roush (R. 16-17):

“On the contrary, instead of attempting to enter into the pending suit against Acme Equipment Company, the Kerotest Manufacturing Company has brought suit in this Court for declaratory judgment.”

A few months earlier, if it really thought it, or its “customers” needed protection, it could have come into the *General Detroit* case.

The refusal of petitioner to come into the *General Detroit* case (R. 10 and R. 17) completely establishes the hollowness of petitioner’s talk of “customer harassment”. The

\* *Birdsell v. Shaltol*, 112 U. S. 485.

\*\* See, for example: *Idc v. Boll Engine Co.*, 31 Fed. 901 (1887); *Wagner v. Meccano, Ltd.*, 239 Fed. 901 (1917). *Cold Metal Process Co. v. United Engineering & Foundry Co.*, 190 F. 2d 217 (3 Cir. 1951).

Court of Appeals in its opinion disposed of this prior action by merely identifying it and stating (R. 55):

"We will make no further reference to it since it is irrelevant to the issues presented by the instant appeal."

It is true that it was irrelevant to the real issues but petitioner's conduct with respect thereto is important in refuting its contention of harassment now so strenuously reiterated.

The *General Detroit* case was the first and only other action ever brought by respondent on these patents. It was filed some four months earlier than the *Acme* case. There, as in the *Acme* case, the defendant, The General Detroit Corporation, was a competitor of respondent in the manufacture and sale of fire extinguisher equipment. In that case, General Detroit asked petitioner to defend it, claiming an obligation on petitioner's part to do so, (R. 10) but petitioner refused; in fact, Mr. Roush, petitioner's president, in his affidavit in the present case, stated (R. 17):

"Kerotest Manufacturing Company has consistently denied that it is under any obligation to indemnify The General Detroit Corporation for infringement alleged in the said suit \* \* \*".

Yet, we find petitioner now bolstering up its contentions in the present case by the ridiculous allegation that this case was an attack on it which it could not meet because it was directed against its "customer".

It seems to us clear that the real reason for petitioner's bringing the present action was that petitioner wanted to shift the forum—it must be remembered that the Chicago action had been set for prompt trial—July 8, 1950 (Opinion, R. 56 and R. 57).

This fact did not escape the Court of Appeals which held (R. 59-60):



"The Chicago suit appears to have been brought in good faith and every patent involved in the Delaware litigation was before the Chicago court. Kerotest could have entered the Chicago litigation had it seen fit to do so. Indeed C-O-Two subsequently compelled its entry. Kerotest, while displaying an apparent reluctance to enter the Illinois arena, did not harbor such an attitude toward the Delaware forum."

The alleged "customer harassment" stressed both in the petition for writ of certiorari and in petitioner's brief simply does not exist.

## **II. The Court of Appeals Correctly Decided that the Present Case Should Be Stayed Until After Determination of the Earlier Filed Case**

The issue before the Court is the simple question whether it is in the interests of justice to proceed with the infringement case which is the earlier case and has all the parties and issues and alone can bind all the parties or whether there shall be duplicate litigation by proceeding with both the infringement case and the declaratory judgment case.

### **The Holding Below**

The facts on which the Court below based its decision are succinctly set forth in the opinion (R. 55 *et seq.*\*).

The Court of Appeals reviews the course of the litigation from the beginning when respondent, C-O-Two Fire Equipment Company sued Acme Equipment Co., Inc. in Chicago. It refers to the fact that the motion to stay the present case and the cross motion to enjoin the Chicago

\* We agree with petitioner that two of the names have been transposed in the opinion as printed in the Record. On page 56, line 21, "C-O-Two" should be read in place of "Kerotest" and on page 59, line 14, "Kerotest" should be read in place of "C-O-Two".

case first came on for hearing before Judge Leahy in this case while two motions were pending undetermined in the Chicago case, namely, a motion to stay the Chicago case and a motion to set aside service on petitioner in the Chicago case; and that Judge Leahy based his decision on the controlling authority of the *Triangle* and *Crosley* cases (*supra*). Judge Leahy's ruling appears at R. 17-19 incl. The Court of Appeals correctly summarizes it as follows (R. 56):

"Judge Leahy held that the court below could not enjoin C-O-Two from seeking a final adjudication against Aeme in the Chicago suit and, further, that it would be an abuse of discretion to do so. He stated that inasmuch as the Chicago suit was scheduled for an early trial it would be more economical 'of judicial time' for Kerotest to contest the issues in Illinois as a co-defendant rather than consume the time of the United States District Court in Delaware in 'duplicate litigation.' Judge Leahy also pointed out that there was no vested right in a litigant to have a case tried by one judge rather than by another. He stayed the proceedings for ninety days providing that both parties might renew their motions thereafter, it being his intention to see how the Chicago litigation proceeded within that period for though answers had not been filed a date for trial of the Chicago suit had already been set."

The Court then refers to the fact that, on appeal by petitioner, it had approved this action by Judge Leahy and that petitioner, on that appeal, " \* \* \* abandoned its effort to have the Chicago suit stayed in its entirety and limited its position to asking that that action be restrained only insofar as it involved Kerotest" (R. 57).

The Court further refers to the fact that thereafter on a renewed motion for stay and a renewed motion for injunction, Judge Rodney had held contrary to Judge Leahy

although, in the meantime, the status of the Chicago litigation had been clarified by denial of Acme's motion therein for a stay, by denial of petitioner's motion therein to quash service, by the filing of answers therein both by Acme and by petitioner and by the setting of a trial date for September 28, 1950 by agreement of counsel. Judge Rodney's ruling appears at R. 25-32 incl. The Court of Appeals correctly summarized it as follows (R. 57-58):

"The court below based its decision on *Crosley Corporation v. Hazeltine Corporation*, 122 F. 2d 925, 930, *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474, 475, and *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008, 1009, all decided by this court. Judge Rodney concluded properly that the same subject matter was before the Illinois court and the Delaware court but went on to hold in effect that because on March 9, 1950, when the suit at bar was filed, Kerotest had not been made a party in the Chicago suit, the rule of the *Hazeltine*, *Westinghouse* and *Electric Products* cases required a stay of the proceedings in Illinois while the Delaware litigation was prosecuted."

The Court then held:

"We cannot agree with the conclusions reached."

It seems to us that aside from the history of the litigation as thus reviewed, the essential facts before the Court of Appeals and before this Court are: that the patents charged to be infringed are the same in the two cases; that the devices alleged to infringe are the same in the two cases; that the petitioner was joined as an actual party by amendment in the Chicago case; that it, as well as Acme, has filed answer therein; that the Chicago case has been set for trial; that all issues which have been or could have been raised in the present case have been or could be raised in the Chicago case; and, the Chicago case

was filed first and must proceed as to Acme in any event, as is conceded by petitioner.

On these facts, petitioner has made, and makes, the refined and narrow argument that, since it was not made a party to the Chicago case until after it had filed the present action, the present action, though actually the second action, was the first action between it and respondent and that the rule laid down by the Third Circuit Court of Appeals in the *Crosley-Hazeltine*, *Crosley-Westinghouse* and *Triangle* cases, particularly the *Triangle* case, should be so strictly and mechanically construed as to give an absolute right of priority to the present case and that the instant case should be given this priority even though it result in duplicate litigation.

This narrow construction of the rule was rejected by Judge Leahy who held (R. 19):

"4. Inasmuch as the Chicago suit is scheduled for early trial, it would be more economical of judicial time for Kerotest to contest the issues therein as a co-defendant, rather than to take the time of this Court in duplicate litigation. Kerotest does not have a vested right to have its cause tried by one judge rather than by another of equal jurisdiction. *Crosley Corp. v. Hazeltine Corp.*, 122 F. 2d 925, 930 (3 Cir., 1941)."

However, this strict view was adopted by Judge Rodney who felt he was constrained by the authorities to so hold, saying (R. 32):

"The authorities require a granting of the motion of Kerotest and a denial of the motion of C-O-Two; an appropriate order may be submitted."

The Court of Appeals, however, held (R. 58):

"We do not think that the rule of the cited decisions requires the order made by the court below."



That the Court of Appeals is correct in so holding we think plainly appears from a careful consideration of the cases and the fundamental principles on which they are based.

#### **The Decision Is In Accord With the Authorities**

In the leading case of *Crosley Corp. v. Hazeltine Corp.*, 122 F. 2d 925 (1941), the Third Circuit Court of Appeals cited the decision of this Court in *Smith v. McIver*, 9 Wheat. 532, 535, as laying down (p. 929):

“... a salutary rule that ‘In all cases of concurrent jurisdiction, the court which first has possession of the subject must decide it.’”

The Court of Appeals then commented on the economic and judicial waste involved in duplicating litigation saying:

“The economic waste involved in duplicating litigation is obvious. Equally important is its adverse effect upon the prompt and efficient administration of justice.”

The Court enlarged upon the reasons for this, stating (p. 930):

“It is of obvious importance to all the litigants to have a single determination of their controversy, rather than several decisions which if they conflict may require separate appeals to different circuit courts of appeals. No party has a vested right to have his cause tried by one judge rather than by another of equal jurisdiction.”

The Court also commented on the importance of this principle to the judicial business in the Federal Courts,

saying (p. 930):

"In view of the constant increase in judicial business in the federal courts and the continual necessity of adding to the number of judges, at the expense of the taxpayers, public policy requires us to seek actively to avoid the waste of judicial time and energy. Courts already heavily burdened with litigation with which they must of necessity deal should therefore not be called upon to duplicate each other's work in cases involving the same issues and the same parties."

The view was there urged by defendant Hazeltine that the second action filed should be allowed to proceed because it was the usual statutory form of patent infringement action and should not be held up by a declaratory action. The Court held that the principle of preventing duplicate litigation was paramount and restrained the parties from proceeding with the second action.

In the present case, the holding by the Court of Appeals that the earlier Chicago case should proceed and the present action be stayed is a sound application of this same principle of avoiding unnecessary duplicate litigation by proceeding with the first filed case if possible—the Chicago case is not only the first filed case, but it is also the only case which has all the issues and all the parties and is the only case which can result in a judgment disposing of the matter as to all parties.

In *Triangle Conduit & Cable Co., Inc. v. National Electric Products Corporation*, 125 F. 2d 1008 (1942), the Third Circuit Court of Appeals applied this principle to a case in which the patent owner, who had been brought into court by means of an action for declaratory judgment, attempted to transfer the adjudication of the controversy to another court by starting a subsequent action against the declaratory judgment plaintiff and one of its customers and by then urging that this difference in par-

ties prevented the first case from having priority. The Court of Appeals recognized the independent right of action against the customer but refused to permit the patent owner to thus oust the priority of the first filed case. It said (p. 1009):

“But the prosecution of National’s independent cause of action against Sears, Roebuck & Company may not be made the basis for transferring the adjudication of the controversy between Triangle and National from the district court in Delaware which first assumed jurisdiction of it to the district court in Michigan to which National subsequently sought to take it.”

The holding, in the present case, that the Chicago case, being the first filed case, should proceed is plainly in accord with this decision which also gave priority to the first filed case. Additionally, since in the present situation, the Chicago case is the one which alone has all the parties and issues, it clearly is the one in which to proceed in order to prevent duplication of litigation.

In *Crosley Corporation v. Westinghouse Electric & Mfg. Co.*, 130 F. 2d 474 (1942), the Third Circuit Court of Appeals, applied this principle to a declaratory judgment action even though the second case, the infringement action, was begun only one day after the declaratory judgment action. In so doing, however, it made it clear that the so-called rule of priority was not one of rigid inflexibility.

The Court there stated (p. 475):

“In the cases cited we held that the district court first obtaining jurisdiction of the parties and issues in a patent cause on a complaint seeking declaratory relief should *ordinarily* proceed to adjudicate the controversy and should restrain the parties from

seeking in the interim in a later suit in another district court to duplicate that adjudication." (Emphasis ours.)

and pointed out (p. 475) that the declaratory action need not be given priority, even though first,

"if it appears that the same parties and issues are involved in another suit previously begun or that in another suit subsequently begun involving the same parties and issues the questions in controversy between the parties can be better settled and the relief sought by them more expeditiously and effectively afforded than in the declaratory proceeding."

In applying the *Crosley v. Hazeltine, Triangle*, and *Crosley v. Westinghouse* decisions to the present case, the Court of Appeals held that relief could be "more expeditiously afforded in the Chicago proceeding than in the Delaware declaratory judgment suit" (R. 60) and overruled petitioner's contention that it was entitled to priority in the instant case merely because the case was filed before petitioner became a defendant in the Chicago case. It held that the rule of the cited cases did not require any such result and that the District Court was in error in so holding. The Court of Appeals pointed out that the rule of these cases was not a mere rule of thumb to be applied mechanically but was a rule devised in the interests of justice. As the Court of Appeals stated (R. 60):

"Neither *Crosley* nor *Westinghouse* nor *Triangle* was intended to lay down a rule of thumb. The rule as we conceived it was designed as an aid to the parties and to effect the ends of justice. As was said in *Hammett v. Warner Brothers Pictures*, 2 Cir., 176 F. 2d 145, 150, it 'has been recognized that this rule is not to be applied mechanically regardless of other considerations.' As we pointed out in the *Westinghouse* case the real question is not whether 'another suit' has



been 'previously' or 'subsequently' begun between the parties but whether the relief sought can be 'more expeditiously and effectively afforded [in the other suit] than in the declaratory proceeding.' We adhere to that view. We think that relief can be more expeditiously afforded in the Chicago proceeding than in the Delaware declaratory judgment suit."

This holding is plainly correct. Only in the Chicago case can there be a single judgment disposing of the case as to all. Only there can duplicate litigation be avoided. Further, only in the Chicago case has issue been joined and only the Chicago case is ready for trial. There can be no burden on petitioner by proceeding there, since it has for years maintained a place of business in Chicago and, as to its main office in Pittsburgh, Chicago is just as convenient as Wilmington. It plainly is in the interest of justice to avoid burdening the courts with two trials where one would do, and in the interest of justice to avoid the inconvenience to witnesses of testifying twice and the expense to the parties of trying the same issues twice.

**The Holding of the Court of Appeals Is In Accord With the Views of This Court In *Brillhart v. Excess Ins. Co.*, 316 U. S. 491**

Although the *Brillhart* case was one involving a state court action and a federal action, it was one in which the plaintiff in a declaratory judgment action was not made a party in the earlier pending court action until after it had filed its declaratory judgment action—just as in the present case. Nonetheless, this Court recognized that there was no mere rule of priority which would prevent a holding that the declaratory action should yield to the other action. This Court recognized (p. 495) that "Ordinarily it would be uneconomical as well as vexatious \* \* \*" to proceed with both cases and held that the District Court might give priority to the state action in which plaintiff had been joined if it

found it to be in the interests of justice. The Court stated (p. 495):

"Where a District Court is presented with a claim such as was made here, it should ascertain whether the questions in controversy between the parties to the federal suit [the declaratory action], and which are not foreclosed under the applicable substantive law, can better be settled in the proceeding pending in the state court."

Even the dissenting opinion (Mr. Chief Justice Stone) made it clear that if it were to appear that the issues of the declaratory judgment action could be adjudicated in the Missouri action to which plaintiff had been added, the Court should give preference to the Missouri action. The dissenting opinion states (p. 500):

"\* \* \* it was plainly its duty to hear and decide all the issues necessary for disposition of the case *unless it was made to appear with reasonable certainty that the issues could be adjudicated in the Missouri courts.*"

(Emphasis ours.)

Of course, in the present case, it is clear that all the issues can be adjudicated in the earlier infringement case; the ruling of the Court of Appeals below that that case should proceed to adjudicate the issues is plainly in accord with the views expressed by this Court in the *Brillhart* case.

Additionally, we note, that the fundamental principles expressed by this Court in *Landis v. North American Co.*, 299 U. S. 248, although applied to a very different fact situation, are in accord.

#### **Also In Accord Are the Decisions In Other Circuits**

This holding of the Court below that the Chicago infringement case should proceed and that there is no mechanical rule of priority such as petitioner urges, is in accord with the decisions in other circuits.

The Seventh Circuit Court of Appeals in *Chicago Furniture Forwarding Co. v. Bowles*, 161 F. 2d 411 (1947), stated (p. 413):

"Plaintiff insists that in other cases where the court has declined to take jurisdiction of claims for declaratory relief because of a pending case in which the same relief could be had, the latter had been filed before the declaratory judgment action. We think the respective dates of filing do not necessarily furnish the test."

Moreover, the Second Circuit Court of Appeals in *Hammett v. Warner Brothers Pictures*, 176 F. 2d 145 (1949), citing the decision of this Court in the *Brillhart* case, *supra*, has held, with respect to the very contention made here by petitioner, that a declaratory judgment plaintiff got no necessary priority because he filed his declaratory judgment action before he was made a defendant in an earlier filed case. There the Court, in giving priority to the earlier filed case, actually dismissed the declaratory action and this dismissal was affirmed on appeal although Judge Clark, by dissent, held that the same result should have been reached by staying the New York case or transferring it to California.

That case, a copyright case, is closer to the particular facts of the present case than any other case. There the first action was in California against a broadcaster of Hammett's material, but did not include Hammett as a defendant. The second action was brought by Hammett in New York against the plaintiff who had brought the California action. The California plaintiff thereupon made Hammett a defendant in the California case and Hammett appeared therein (just as the present petitioner was made a party in the Chicago case and appeared therein). Both parties moved for summary judgment in the New York action. The action was dismissed on the ground (p. 148):

"The judgment of the court was based upon the exercise of its discretion to dismiss because the decree

would not 'determine the entire controversy between the parties' and because, 'There can be a complete determination of all the issues to all the parties only in the California action, for it is only in that action that all the issues are raised and all the parties have appeared.' "

Hammett argued there, as petitioner does here, that he was entitled to priority because he initiated his action in New York before he was made a party in the California case. The Court disposed of this, stating (p. 150):

"It is argued, however, that the fact that Hammett was not made a party to the California action before commencing this action requires a contrary result as a matter of law because of the rule of priority of filing dates. The answer to this contention, in accordance with the principle of equitable application of that rule indicated above, by the Court of Appeals of the First Circuit seems to us to be conclusive of this claim. That court in a similar situation has held that, even when a party before it could not have become a party to a prior pending action, the fact that he might have participated in its defense with the defendants having a common interest was enough. *Western Electric Co. v. Hammond*, supra, 135 F. 2d at page 287. We do not have to go so far since Hammett is in fact now a party and has appeared in the California action."

Commenting on the ordinary rule of priority, and citing the decision in the *Crosley v. Westinghouse* case, and its own decision in the *Cresta Blanca* case, among others, the Second Circuit Court of Appeals held (p. 150):

"A general rule for determining priorities as between pending actions on the basis of dates of filing has been stated in some of the cases, but is (*sic*) has been recognized that this rule is not to be applied in a mechanical way regardless of other considerations. *Brillhart v. Excess Ins. Co.*, supra 316 U. S. 491, 62



S. Ct. 1173, 86 L. Ed. 1620; *Chicago Furniture Forwarding Co. v. Bowles*, 7 Cir., 161 F. 2d 411, *Western Electric Co. v. Hammond*, 1 Cir., 135 F. 2d 283. See *Crosley Corp. v. Westinghouse Electric & Mfg. Co.*, 3 Cir., 130 F. 2d 474, 475; *Cresta Blanca Wine Co. v. Eastern Wine Corp.*, 2 Cir., 143 F. 2d 1012, 1014."

The decision of the Court of Appeals in staying the instant declaratory judgment action pending determination of the earlier filed Chicago action is plainly in accord with the authorities.

**The Alleged Conflicting Decisions  
Do Not, In Fact, Present Any Conflict**

Petitioner urges that there are three decisions in conflict. It cites the Second Circuit decision in *Cresta Blanca Wine Co. v. Eastern Wine Corp.*, 143 F. 2d 1012 (1944), the Court of Appeals of the District of Columbia decision in *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727 and the decision of this Court in *Memphis v. Dean*, 8 Wall. 64. However, examination will show that none actually presents conflict.

The *Cresta Blanca* case was not regarded by the Court of Appeals for the Second Circuit itself as conflicting—it cited it in its opinion in the *Hammett* case which, as we have seen, is in accord. The *Cresta Blanca* case involved several causes of action and, insofar as here relied on by petitioner as conflicting, seems to us to have turned on the fact that the application for a stay of a companion case was being made by one who was not a party but who was asking for *intervention* in order to secure the stay. Insofar as the Second Circuit Court might be said to have indicated in that case any tendency to regard the rule of priority as narrow and inflexible, it clarified the matter in its later decision in the *Hammett* case, above quoted. There can be no question that the view of the Second Circuit Court of Appeals is in accord, not in conflict with, the decision in the instant case.

Nor is the case of *Speed Products Co. v. Tinnerman Products*, 171 F. 2d 727 (App. D. C. 1948) relied on by petitioner actually in conflict. In that case there was an unusual and complex fact situation and a long record of motions and countermotions. However, the result of the decision in that case is completely in accord with the present case, namely, the elimination of duplicate litigation. The District of Columbia Court of Appeals held that the New York case (the second case) should proceed, and inspection of the District Court records reveals that the District of Columbia case was stayed. The New York case had all the issues and could finally adjudicate them as to all parties. It is true that the Commissioner of Patents was not a party to the New York case though he was a party to the District of Columbia case but the Court was careful to point out that, due to peculiarities of actions under 35 U. S. C. § 63, which both cases were, the Commissioner of Patents was not a necessary party to the New York action even though he was a party to the District of Columbia action. All the necessary parties were in the New York case and the Court declined to advance the District of Columbia case for trial before the New York case but permitted the New York case, the second case, in which trial was imminent, to proceed. Duplicate litigation was thereby avoided.

There the Court chose to allow the second of two cases to proceed rather than the first case but could do so, because that case would resolve the whole controversy. In the instant case, the Court also chose the case which would resolve the whole controversy—the Chicago case—which also was the first case.

Nor, is there conflict with *Memphis City v. Dean*, 8 Wall. 64 (1868). In that case, as here, the decision was that duplicate litigation should be avoided and, as here, it was held that the earlier of two causes of action was to be given preference. In the earlier of the two cases, Memphis

Gaslight Company sued a newly organized company to enjoin it from invading plaintiff's exclusive franchise. In the later case, the Memphis Gaslight Company (by its controlling stockholder) sued the same company and the City of Memphis, asserting the same cause of action plus a related contract action against the City. This Court held that the cause of action which had been decided in the first case (though not finally) should not be duplicated in the second case.

Although petitioner does not cite *Buck v. Colbath*, 3 Wall. 334 (1865) as in conflict, it does cite it as authority for its proposition that the difference in parties between the Acme case and the instant case automatically gives it priority. Actually, this Court made no such ruling in *Buck v. Colbath*, but, rather, held that when a Federal Court or its marshal has seized property the Court will not allow the property to be taken from it by another court, but that this did not mean that the marshal, who had seized the property, could not be sued in trespass on the theory that he had seized the property of someone other than defendant.

Petitioner also cites a number of cases to the effect that a justiciable controversy must have parties. This, of course, is almost axiomatic but we fail to see its pertinency here. The Court below recognized that both the Acme case and the instant case were properly brought and that both involved parties. The Court's ruling was based on the fact that all of the parties and all of the issues were present in the Acme case but not in the instant case and that hence, the Acme case alone could result in a decree settling the controversy as to all the parties and that therefore it should proceed in order that duplicate litigation should be avoided.

### In Summary

In summary, therefore, we may say that it seems clear that the Court of Appeals was correct in holding that the present declaratory action should be stayed and that the Chicago infringement action should proceed in order to prevent duplication of litigation with its consequent expense and waste of effort both by the parties and by the courts. This holding is not only in accord with the authorities but it is essentially practical and sensible.

The Court summarized its holding in the present case as follows (R. 60):

*"In the instant case the whole of the war and all the parties to it are in the Chicago theatre and there only can it be fought to a finish as the litigations are now cast. On the other hand if the battle is waged in the Delaware arena there is a strong probability that the Chicago suit nonetheless would have to be proceeded with for Acme is not and cannot be made a party to the Delaware litigation. The Chicago suit when adjudicated will bind all the parties in both cases. Why, under the circumstances, should there be two litigations where one will suffice? We can find no adequate reason."* (Emphasis ours.)

To this query, neither petitioner nor the dissenting opinion gives any answer—and, we submit, there is none.

### III. Petitioner's Contention that Rule 57 of the Rules of Civil Procedure Requires the Instant Case to Proceed Is Not Well Founded

The part of Rule 57 on which petitioner relies is as follows (p. 19):

*"The existence of another adequate remedy does not preclude a judgment for declaratory relief in cases where it is appropriate."*



This rule merely sets at rest the doubt which had been expressed by some of the courts that the declaratory judgment remedy was not intended to be used when there was another adequate remedy.\* It does not compel the court to proceed,

As was held by the Second Circuit Court of Appeals in *Larson v. General Motors Corporation*, 134 F. 2d 450 (1943), at 453:

"It is true that Rule 57 provides that 'the existence of another adequate remedy does not preclude a judgment for declaratory relief in cases where it is appropriate'; but that has been construed not to mean that the action will lie whenever there is a pending controversy, regardless of the need for it."

#### **IV. Petitioner's Argument With Respect to the Doctrine of *Forum Non Conveniens* Is Irrelevant**

It is not at all clear what petitioner intends to argue under this point but petitioner seems to imply that because respondent did not move, under 28 U. S. C. Sec. 1404(a), to transfer the instant case to Chicago, it therefore should not be stayed.

It is true that respondent has made no motion for transfer under Sec. 1404(a). This is for the reason that

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\* Petitioner cites eight cases as supporting the view that a declaratory action against a patentee will not be dismissed merely because an infringement action is later filed against the infringer by the patentee. We have no quarrel with this but believe it is not in any way involved in the issue now before the Court. The *Crosley v. Hazeltine*, 122 F. 2d 925; *Crosley v. Westinghouse*, 130 F. 2d 474; *Triangle v. National*, 125 F. 2d 1008; *Cresta Blanca v. Eastern*, 143 F. 2d 1012 and *Speed Products v. Tinnerman*, 171 F. 2d 727, we have previously discussed. The *E. W. Bliss v. Cold Metal Process*, 102 F. 2d 105; *Milwaukee Gas v. Mercoid*, 104 F. 2d 589, and *Independent Pneumatic v. Chicago Pneumatic*, 74 F. Supp 502, cases go no further than these other cases.

there is no need, inasmuch as the parties and the whole of the issues are already before the Chicago Court. However, if transfer is desirable, there is no requirement that it be initiated by respondent—under the statute, a District Court may act on its own initiative. The statute merely provides “\* \* \* that a District Court may transfer \* \* \*”.

In view of what we previously have said, it is perfectly obvious it would be for the “convenience of parties and witnesses” and “in the interest of justice” to transfer the case to Chicago rather than to have duplicate litigation with duplication of effort on the part of the Court, the witnesses and the parties and we see no reason why the Court could not do so if it felt there was anything to be gained in view of the fact that the issues and parties are already there.

### Conclusion

The Court of Appeals below, in deciding the case, put the matter thus (R. 60):

“The Chicago suit when adjudicated will bind all the parties in both cases. Why, under the circumstances, should there be two litigations where one will suffice? We can find no adequate reason.”

We think it is clear that no adequate reason has been presented by the petitioner and that, under the authorities, the decision of the Court below was correct in staying the instant case and in setting aside the injunction against proceeding with the Chicago case.

It is submitted that the decision of the Court of Appeals should be affirmed.

Respectfully submitted,

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## APPENDIX

## 28 U. S. C. § 1404(a):

"(a) For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought."

## 35 U. S. C. § 40:

**"§ 40. Same; contents and duration**

Every patent shall contain a short title or description of the invention or discovery, correctly indicating its nature and design, and a grant to the patentee, his heirs or assigns, for the term of seventeen years, of the exclusive right to make, use and vend the invention or discovery (including in the case of a plant patent the exclusive right to asexually reproduce the plant) throughout the United States and the Territories thereof, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof."

## 35 U. S. C. § 70:

**"§ 70. Power of court to grant injunctions; recovery of general damages; assessment; elements of general damages; increase of damages; limitations; notice to Commissioner of suits and judgments rendered.**

The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a judgment being rendered in any case for an infringement the complainant shall be entitled to recover general damages

which shall be due compensation for making, using, or selling the invention, not less than a reasonable royalty therefore, together with such costs, and interests, as may be fixed by the court. The court may in its discretion award reasonable attorney's fees to the prevailing party upon the entry of judgment on any patent case. \* \* \*

Rule 57, Rules of Civil Procedure:

"The procedure for obtaining a declaratory judgment pursuant to Title 28, U.S.C., § 2201, shall be in accordance with these rules, and the right to trial by jury may be demanded under the circumstances and in the manner provided in Rules 38 and 39. The existence of another adequate remedy does not preclude a judgment for declaratory relief in cases where it is appropriate." The court may order a speedy hearing of an action for a declaratory judgment and may advance it on the calendar."